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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Implementation of Section 309(j)  
of the Communications Act  
Competitive Bidding

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PP Docket No. 93-253

COMMENTS OF THE  
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

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## TABLE OF CONTENTS

	PAGE
SUMMARY . . . . .	ii
INTRODUCTION . . . . .	1
DISCUSSION . . . . .	2
I. THE COMMISSION SHOULD TAKE APPROPRIATE MEASURES TO ASSURE THAT RURAL COMPANIES ARE GIVEN THE OPPORTUNITY TO PROVIDE PCS IN RURAL AREAS. . . . .	2
A. The Commission should require 51 percent ownership by designated entities. . . . .	3
B. The Proposed Definition of "Rural Telephone Company" should be revised to include any company with less than 10,000 access lines or a Study Area with no place over 10,000 population. . . . .	3
II. THE COMMISSION SHOULD ADOPT THE SPECIAL MEASURES CONGRESS CALLED FOR TO ENSURE THAT RURAL COMPANIES HAVE A VIABLE OPPORTUNITY TO PARTICIPATE IN THE PROVISION OF PCS AND OTHER SPECTRUM-BASED SERVICES. . . . .	10
III. NTCA AGREES WITH THE FCC'S PROPOSAL TO CONDUCT COMBINATORIAL BIDDING FOR BLOCKS A&B ONLY. . . . .	13
IV. THE COMMISSION SHOULD BIFURCATE THIS PROCEEDING. . . . .	14
V. CONCLUSION . . . . .	18

## SUMMARY

Congress authorized competitive bids for the electromagnetic spectrum but clearly restricted the Commission's authority to sell the spectrum. The Commission is still required to promote the goals of Universal service and make independent findings of public interest, convenience and necessity. Further, in prescribing regulations and assigning licenses, the Commission is specifically prohibited from determining the public interest on the expectation of Federal revenues from competitive bidding. Congress also took particular care to enact measures to prevent the excessive concentration of licenses in a few entities and promote the deployment of emerging technologies in rural areas.

The proposed rules do not accomplish the Congressional mandate for rural areas or rural telephone companies. In authorizing competitive bidding, Congress explicitly included a directive that the Commission include safeguards to ensure the new goal that licenses are disseminated to a wide variety of applicants, including rural companies. The Commission's definition of rural companies is essential to the attainment of this goal. Unfortunately, the proposed definition is unworkable and unlikely to assure that the companies that have historically served rural areas will be eligible for preferences the Commission is required to consider to ensure that "new and innovative technologies are readily accessible to the American people."

NTCA believes it is possible to ensure that rural areas receive service and that rural companies be given the economic opportunity to provide that service. It proposes a definition that encompasses most small telephone companies that have historically provided wireline service to the less lucrative rural areas of the country. The definition would include any company with less than 10,000 access lines or a Study Area with no place over 10,000 population. The Commission's Universal service goals have been achieved in large measure because these types of companies have consistently provided telecommunications services to sparsely populated areas with high cost and missing economies of scale. These companies are most often small companies that have a strong presence in their rural communities and a strong commitment to quality service essential to the survival of the community. A definition of "rural telephone company" that allows these companies to obtain a preference to provide PCS and other emerging technologies in their wireline service areas will most effectively accomplish the purposes in the amended Communications Act.

A variety of preferential measures are necessary to assure that services will be delivered to rural areas by these companies. A pure bidding system that awards all licenses to the highest bidder would exclude rural companies, the majority of which also qualify as small businesses. Preferences such as discounts on the bid price, installment payments, royalties and waivers of the upfront payment will remove the financial

handicaps which these companies face. In addition, the Commission should take other means to reduce the burden of these financial hurdles and their adverse impact on the goals of the amended Communications Act. It should allow rural telephone companies to bid for, own and operate licenses in consortia with others. It should also allow each rural telephone company the option to enter into pre-bid agreements that allow the company to own, control, and operate licenses in the geographic areas that are congruent with the company's wireline telephone service area.

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INTRODUCTION

The National Telephone Cooperative Association ("NTCA") submits these Comments to the Notice of Proposed Rulemaking, FCC 93-451, released on October 22, 1993 ("NPRM").

NTCA is a national association of approximately 500 small local exchange carriers ("LECs") providing telecommunications services to interexchange carriers and subscribers throughout rural America. Its members are located in sparsely populated rural areas in forty six states and have a proven record of providing state of the art communications services to the communities where they are located.

NTCA members are interested in providing new and emerging technologies to the rural communities they serve. NTCA opposed auctioning the spectrum early on because of its concern that its members would always lose to bidders with "deep pockets."

Nonetheless, when it became apparent that the Congress would enact auctions legislation, NTCA advocated legislation that included a rural set-aside that would prevent the sale of spectrum for services to rural areas.<sup>1</sup> NTCA believes new Section 309(j) of the Communications Act, added by Section 6002 of the Omnibus Budget Reconciliation Act of 1993, P.L. 103-66, Title VI, 107 STAT. 387 (hereafter Section 309(j)), while permitting the auctioning of spectrum for services to rural areas, clearly directs the Commission to consider distinct public interest considerations other than the expectation of revenues to the Federal Treasury in deciding whether to auction spectrum for particular services and in designing auctions and payment methods. NTCA believes prior Commission efforts to assure that interpretation and application of the Communications Act serves the public interest and the new mandate in 309(j) requires the Commission to avoid bidding schemes that will in every case award licenses to "deep pockets" without any consideration for the public's interest in adequate and affordable service that is consistent with the Universal Service goals of Section 1 of the Communications Act.

#### DISCUSSION

I. THE COMMISSION SHOULD TAKE APPROPRIATE MEASURES TO ASSURE THAT RURAL COMPANIES ARE GIVEN THE OPPORTUNITY TO PROVIDE PCS IN RURAL AREAS.

The Commission is considering a variety of measures to comply with subsection 4(D) of Section 309(j). That subsection requires

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<sup>1</sup> See, S. 335, 103rd Cong., 1st Sess. § 8.

it to design systems of competitive bidding which "ensure that small businesses, rural telephone companies, and businesses owned by members of minority groups are given the opportunity to participate in the provision of spectrum-based services . . . ."

A. The Commission should require 51 percent ownership by designated entities.

As a threshold matter, the Commission must define the designated entities in this subsection. NTCA supports a rule that would require 51 percent ownership by any designated entity in order for that entity to meet the criteria of preference eligibility for individual entities in its group. NTCA believes a 51% ownership interest will both assure that the statutory preference created for various entities provide the economic benefits Congress intended for designated entities and individuals and allow those entities and individuals to team with other entities and individuals capable of providing capital and other resources necessary to deliver PCS services to the public.

B. The Proposed Definition of "Rural Telephone Company" should be revised to include any company with less than 10,000 access lines or a Study Area with no place over 10,000 population.

The Commission proposes to define "Rural Telephone Company" as a telephone company eligible for exemption under 47 C.F.R. § 63.58 on the basis of reliance on existing rules and policies. Although not altogether clear,<sup>2</sup> the most logical

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<sup>2</sup> Section 63.58 does not exempt telephone companies from the cable cross ownership rule, rather it permits any telephone company to operate a CATV system in an area meeting the definition of rural. That is, any telephone company, including  
(continued...)



interpretation of the proposal is that it would include only those telephone companies whose service territory in the BTA for which a license is sought has no "place" with a population of 2500 or greater.<sup>3</sup> This proposal would apparently exclude a substantial number of entities generally understood to be rural companies in the industry, by Congress, and by the actual nature of their operations.

Consistency with other Commission rules defining "rural" is neither necessary nor appropriate in this context. The CATV rules were developed to promote service in rural areas, but in the context of the demonstrated failure of service to develop, and involving a different service, different technology and a communications industry in a vastly different stage of evolution.

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<sup>2</sup>(...continued)

Bell Operating Companies, can provide CATV service so long as the CATV service area contains no "place" with a population of 2500 or more. Since almost all telephone companies, except the few purely urban companies like Chesapeake and Potomac of the District of Columbia, have "places" in their telephone service area with less than 2500 population, it is unlikely that the Commission's intent was to include all such "eligible" companies. On the other hand, because all BTAs (and MTAs) have "places" with over 2500 population so it cannot be that the "contains no place" provision would apply to the service area as it does in the CATV context, because that interpretation would mean that there would be no rural telephone companies.

<sup>3</sup> Whatever the population threshold, it is more logical to apply it to the telephone company's service area within the license area than all of a company's service area, rather than its area within the BTA. Since the purpose of the rule is to recognize the special contribution that rural telephone companies can make to bring service to rural areas, and the importance of encouraging their participation in PCS to the continued provision of universal wireline service, the rule should focus on their operations within the BTA. If the service is set at 10,000 access line or no area above 10,000, as NTCA recommends, this distinction becomes less important.

In any event, there are a multitude of other Commission rules which divide the industry by size.<sup>4</sup> For example, the Uniform System of Accounts divides telephone companies above and below \$100 million in revenue;<sup>5</sup> the Universal Service Fund formulas diverge at 200,000 access lines;<sup>6</sup> jurisdictional allocation of traffic sensitive investment and expenses varies at 10,00, 20,000 and 50,000 access lines;<sup>7</sup> while reentry into the NECA pools following transfers is automatic for companies under 50,000 access lines;<sup>8</sup> and some portions of the Communications Act are not applicable to telephone companies which do not operate across state lines.<sup>9</sup>

The agreement to provide "economic opportunity for rural telephone companies in addition to small businesses and

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<sup>4</sup> Although size and "rural" are theoretically different parameters, the telephone industry has evolved in such a way that all but an insignificant portion of the urban areas are served by large companies while the small companies serve almost exclusively rural areas. For 899 REA borrowers, the median number of exchanges is three and the median exchange size is 804 subscribers; the average density is 4.5 subscribers per square mile or 6.43 subscribers per route mile, with the median number of subscribers at 2,518. See attached Charts 6, 7 and 8 from Rural Electrification Administration, Information Publication 200-4, 1992 Statistical Report, Rural Telephone Borrowers.

<sup>5</sup> 47 C.F.R. § 32.11.

<sup>6</sup> 47 C.F.R. § 36.631(c) and (d).

<sup>7</sup> 47 C.F.R. 36.125(f)

<sup>8</sup> 47 C.F.R. 69.3(g)

<sup>9</sup> 47 U.S.C. 152(b)(2). Although this section of the act does not, per se, limit the size of a qualifying company within a state, it was adopted in order to reduce the regulatory burden on small companies.

businesses owned by members of minority groups and women was sponsored by the Senate and added to the House bill and agreed to by Conferees to Conference Committee of the Budget Reconciliation Act. 139 Cong. Rec. H5913 (daily ed. August 4, 1993) Conference Agreement.<sup>10</sup>

NTCA recommends a definition of rural telephone company that more closely captures the intent and the legislative history of Section 309(j). The definition is similar to a definition included in the Senate version of the Budget Reconciliation Act.<sup>11</sup> NTCA's recommendation is more limited than the Senate version but would embrace most of the companies in NTCA's membership as well as the average size small company serving rural America. The mean number of subscribers for the 899 REA

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<sup>10</sup> See also, Report of the Small Business Advisory Committee to the Commission, regarding Gen Docket 90-314, September 15, 1993, at 1.

<sup>11</sup> 139 Cong. Rec. S. 7948 (Daily ed., June 24, 1993.) That version provided for a "rural program license" which would have allowed rural telephone companies to pay the average of the amounts paid by auction winners for similar licenses in their service areas. Ibidem. Under the provision, "a qualified common carrier" was defined as a common carrier that "either provides telephone exchange service by wire in a rural area, provides telephone service by wire to less than 10,000 subscribers, or is a telephone utility whose income accrues to a State or political subdivision." A "rural area" means any geographic area that does not include either-(i) any incorporated place of 10,000 inhabitants or more, or any part thereof; or (ii) any territory, incorporated or unincorporated, included in an urbanized area (as defined by the Bureau of the Census [as of the date of enactment of the provision])." 139 Cong. Rec. S7998 (daily ed. June 24, 1993).

borrowers is 6,797. Only 13 percent of the 899 REA borrowers have more than 10,000 subscribers.<sup>12</sup>

Under NTCA's recommended definition, carriers qualifying for preferential treatment include (a) those that provide telephone exchange service by wire to 10,000 or fewer access lines in a Study Area, or (b) those that provide local exchange service to a geographic area within the license area that either does not include any incorporated place of 10,000, any part of such a place or any Census defined territory included in an urbanized area.

NTCA proposes this more limiting definition of qualifying LEC because it believes the Congressional intent is better served by a definition that also takes into account Congress' intent to promote economic opportunity for rural companies,<sup>13</sup> and to foster the development and rapid deployment of new technologies, products, and services for the benefit of the public, including those residing in rural areas [emphasis added]. . . .<sup>14</sup>

Despite diseconomies of scale, small companies have demonstrated that they have the interest and commitment needed to fulfill this goal. This is illustrated by consistent and ubiquitous deployment of digital switching by small companies in the

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<sup>12</sup> See, Attachment A, Chart 7, from 1992 STATISTICAL REPORT, RURAL TELEPHONE BORROWERS.

<sup>13</sup> Section 309(j)(3)(B).

<sup>14</sup> Section 309(j)(3)(A).

National Exchange Carriers Association pools<sup>15</sup> and by the many innovative efforts of many small LECs in the provision of services such as interactive educational television.

NTCA believes that its proposed definition will also fulfill the Congressional intent to avoid excessive concentration of licenses. In order to accomplish this goal, NTCA proposes that rural telephone companies would only be eligible for a preference for Blocks C and D in BTAs where they now provide telephone exchange service. This restriction on eligibility would assist in fulfilling the Commission's corollary mandate to "prescribe area designations and bandwidth assignments that promote (i) an equitable distribution of licenses and services among geographic areas. . . ."<sup>16</sup> NTCA believes that dispersal among geographic areas will be assisted if the rural telephone companies fitting its definitional parameters are given a fair opportunity to compete against other designated entities for licenses to provide PCS service in the BTAs where they provide telephone exchange service by wire.

Some NTCA members and other small LECs that are not NTCA members will qualify as small businesses under the Small Business Administration ("SBA") definition the Commission references. Others will qualify as minority or women owned businesses. Under the cited SBA definition, applicants qualify on the basis of having a net worth of \$6.0 million with average net income after

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<sup>15</sup> See, NECA pamphlet, MODERNIZING RURAL AMERICA, (1992).

<sup>16</sup> 309(j)(4)(C).

Federal income taxes for two preceding years not in excess of \$2.0 million or if they meet the size standard for the industry in which they are primarily engaged as set forth in 13 C.F.R. § 121/601. Many of NTCA's members fit in the category of companies with average net income of \$2 million or less after Federal income taxes. NTCA believes the rules should not prevent these companies from choosing to apply for Blocks C & D as designated entities subject to whatever eligibility rules the Commission establishes. However, NTCA is not advocating that these LECs receive multiple preferences but that they have a choice of preferences based on their eligibility so that they are not excluded from the benefits of Section 309(j)(3) and (4) because they may not meet eligibility rules prescribed for "rural telephone companies."

The Commission asks whether the availability of favorable Rural Electrification Administration ("REA") financing should have any bearing on rural telephone companies preferences. Congress was well aware of REA financing when it added rural telephone companies to the list of designated entities the Commission must consider in disseminating licenses. Its choice not to limit rural telephone companies eligible for preferences to those that do not receive REA financing was informed and consistent with the purposes of the REA Act and the Communications Act. REA financing for telephone service is intended to give rural residents access to adequate and dependable telephone service. NTCA members and other borrowers

have been able to progressively expand and improve the quality of service provided in rural areas because this financing has been available. One example of this progress is illustrated in Attachment A which shows the steady and almost complete conversion from a predominance of residence and business multi-party service in 1958 to predominantly single party service in 1992.<sup>17</sup> Recipients of REA financing have shown that they are committed to improving and expanding service to rural areas. They should be given the opportunity to continue to do so with emerging technologies.

II. THE COMMISSION SHOULD ADOPT THE SPECIAL MEASURES CONGRESS CALLED FOR TO ENSURE THAT RURAL COMPANIES HAVE A VIABLE OPPORTUNITY TO PARTICIPATE IN THE PROVISION OF PCS AND OTHER SPECTRUM-BASED SERVICES.

NTCA believes that Section 309(j) requires the Commission to adopt effective special measures to assure that competitive bidding for the spectrum will not exclude all but a few "deep pockets" from providing PCS and other new spectrum-based services. One example of a proposal that has that potential is the suggestion to require a substantial upfront payment or 20 percent deposit of all bidders, Notice at ¶ 113. The proposed upfront payment would be equal to 2 cents per pop per MHz. NTCA recommends that this payment be minimized or eliminated for rural telephone companies. The Commission states that the large deposit or upfront payment requirement is intended to reduce the risk that auction winners are later found to be unqualified,

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<sup>17</sup> See, Attachment A, Charts 4 and 5, from 1992 STATISTICAL REPORT, RURAL TELEPHONE BORROWERS.

ineligible, or unable to pay the balance of their bid.<sup>18</sup> This rationale may make sense for applicants required to pay in full upon successfully obtaining a license at auction but defeats the purposes implicit in Section 309(j)(4) which requires that the Commission consider alternative payment plans. The obvious purpose of that subsection is to reduce the probabilities that designated entities will be prevented from bidding or handicapped by threshold requirements that are insurmountable obstacles to bidding for licenses. The burden of large upfront payments will obviously fall more heavily on smaller firms. NTCA recommends that the Commission eliminate the requirement for rural telephone companies.

NTCA supports the Commission's proposal to allow for installment payments with interest for the payment of the bid price balance for rural telcos and designated entities. It urges the Commission to add some form of royalties as an option for rural telephone companies paying the government the bid price. Section 309(j)(4)(A) provides for "installment payments, with or without royalty payments." The Commission raises the concern that royalties will act as a tax and tend to reduce output. It must be assumed that Congress intended the Commission to seriously consider the royalty option despite any number of objections that could be made to paying the government that way.

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<sup>18</sup> Section 309(j)(5) gives the Commission authority to require that bidders submit "information and assurances" to demonstrate that the bidder's application is acceptable for filing but provides no explicit authority to require upfront payments as evidence of financial fitness.



The government has a long history of receiving payment for its interest in offshore and other federal oil and gas reserves through royalties. Designated entities should at least have the option to use a royalty form of payment of their obligation to the government for use of the spectrum. Royalty agreements can be constructed to allow renegotiation or options that permit the licensee to convert from a royalty form of payment to fixed installments. NTCA believes the purposes of Section 309(j) and of Section 1 of the Communications Act will be furthered by allowing royalties as an option, with or without initial upfront payments due after winning a bid or with installment payments. The Commission can use this option in connection with its existing rules and forfeiture authority to deter frivolous applications.

NTCA also supports bidding preferences. Preferences are authorized by 309(j)(4)(D). The Commission should award preferences to rural telephone companies to assure that rural areas receive service. Rural LECS have a particular interest in offering a complement of telecommunications services and are best suited to meet the needs of rural businesses and residences in the areas where they already provide wireline services. In addition, preferences are a means to achieve the Congress' intent that there should be an equitable distribution of licenses and services among geographic areas. Rural companies are the most likely entities to bring services promptly to rural areas.

A bidding preference should also be awarded each rural company when it bids on Blocks A, B, E, F, and G either alone or in consortia with others so long as the license it is bidding on is for a geographic area congruent to the rural company's wireline service area. NTCA urges the Commission to prescribe rules that will allow pre-bid contracts under which consortia members may agree that each rural telephone company may operate and control the PCS license in its land line exchange area. A rule of this type will ameliorate the harsh effect of the Commission's decision to promote a policy that fosters the aggregation of multiple markets to the detriment of the smaller firms Congress favored in Sections 309(j)(3)(4) and to award licenses on the basis of geographic areas much larger than the typical service area of a rural telephone company.

**III. NTCA AGREES WITH THE FCC'S PROPOSAL TO CONDUCT COMBINATORIAL BIDDING FOR BLOCKS A&B ONLY.**

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The Commission requests comments on the general concept of combinatorial bidding. It believes combinatorial bidding will reduce the transactions costs in efficiently aggregating licenses. The Commission's proposal suggests it would first require submission of sealed bids for groups of licenses and then conduct oral auctions for individual licenses. Licenses would be awarded to individuals only if sealed bids for groups of licenses are in the aggregate lower than the aggregate of the individual bids. Notice at ¶¶ 57-58.

NTCA believes the Commission's basic approach may be appropriate for licensing Blocks other than C&D. One of the

purposes of the preferential provisions of Section 309(j) is to assure the wide dissemination of licenses. Combinatorial bidding is designed to aggregate licenses rather than disseminate them widely and may not serve the purposes implicit in the preference.

The Commission seeks a bidding sequence that will facilitate economically efficient aggregation of licenses across geographic regions and spectrum blocks. Thus it suggests that licenses might be offered sequentially within a given spectrum block in descending order of population. The Commission also poses an option that would allow it to offer licenses by large geographic regions such as the eastern section of the country, with licenses within that area being offered in descending order of population. Notice at ¶¶ 51-53. NTCA is not firmly opposed to a descending order of auction offerings. However, it is concerned that a system based on descending order of spectrum block size or market might give larger firms unfair advantages which would allow them to begin PCS deployment earlier than smaller firms that are more likely to bid on smaller markets and smaller size blocks. In order to prevent such an unfair advantage, auctions for all PCS blocks and markets should be conducted in a short time frame and licenses issued in an equally short time frame.

#### IV. THE COMMISSION SHOULD BIFURCATE THIS PROCEEDING.

NTCA recognizes that Section 6002 (d) of the Budget Reconciliation Act of 1993 requires the Commission to prescribe regulations to implement section 309(j) by March 8, 1993. Nonetheless, it recommends that the Commission bifurcate this

proceeding and separately consider the issues related to the auction design and bidding preferences to be used for auctioning PCS. Since the Commission must begin issuing licenses for PCS by May 7, 1994, there is an obvious urgency to prescribing regulations to govern procedures for PCS. There is no equal urgency related to statutory mandates that auctions begin by then for licenses in other services. NTCA is not, however, suggesting bifurcation for the purpose of delay. Instead, it believes that bifurcation will enable the Commission and the public to proceed with less confusion and more certainty. Further, auctions of the spectrum will be a new experience for the public as well as the Commission. Since PCS auctions must proceed immediately, the Commission should concentrate more intensely on auction rules for that service while it considers the issues related to other services. The added benefit of that approach is that PCS auctions and rules will provide the answers to some of the unknown factors and effects of auctions on the public interest. The PCS auctions can serve as a laboratory for other services and allow the Commission to use the experience with PCS auction rules in crafting rules for other services.

The need to bifurcate the proceeding is illustrated by the issues involved in the Commission's request for comments on whether Section 309(j) contemplates auctions for common carrier microwave services and rural services such as conventional rural radio services (provided in the VHF and UHF mobile spectrum) and Basic Exchange Telephone Radio Systems ("BETRS). Section

309(j)(3) requires that the Commission "in identifying classes of licenses and permits to be issued by competitive bidding" include safeguards to protect the public interest and "promote the purposes" specified in Section 1 of the Communications Act. Thus the Universal Service goals of Section 1 must come into play in the decision related to whether common carrier microwave services and the rural services come within the narrow ambit of the definition of services subject to competitive bidding.

In NTCA's view, neither common carrier microwave services nor BETRS applications that are mutually exclusive with paging applications should be subject to auctions. Common carrier microwave links are essential to the provision of basic telephone service. The links that form part of the public switched network should not be put in jeopardy by auctions. Section 309(j) clearly contemplates that the Commission exclude services from auctions when the public interest requires it. In fact, the expectation of Federal revenues from the use of competitive bidding for certain licenses cannot be a basis for deciding which licenses will be auctioned. Section 309(j)(7)(A) and (B). NTCA believes the auctioning of frequencies for common carrier microwave licenses would create incentives both for purely speculative bidding and greenmail. While these phenomena may increase the revenues to the Treasury, they will not benefit the public that relies on the public switched network and ultimately bears the cost associated with its maintenance. The Commission should not allow auctions of these frequencies.

BETRS services are also essential services that are part of the public switched network. BETRS was established in 1988 to make basic telephone service available to households that do not have standard telephone service because the cost of bringing wire or cable to their remote locations is prohibitive.<sup>19</sup> It would be ironic and more significantly, contrary to the Universal Service goals of Section 1 of the Act, if the Commission were to defeat the very purpose for which the service was authorized by putting BETRS spectrum on the auction block. The need for separate consideration of issues such as those that involve the BETRS service is further evidenced by the fact that the Commission has before it a pending Petition for Rulemaking by NTCA, three other major trade associations, and the Rural Electrification Administration requesting a rulemaking to authorize BETRS services on additional frequencies. Existing services are authorized on a co-primary basis with the Public Land Mobile Service. The pending Petition was filed because there is demand for the service but spectrum shortages in many locations have frustrated the growth of this basic exchange service.<sup>20</sup> The issues raised in the Petition illustrates that the Commission should not enact sweeping rules that apply to a

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<sup>19</sup> Report and Order, In the Matter of Basic Exchange Telecommunications Radio Service, 3 FCC Rcd 214 (1988).

<sup>20</sup> See, Petition for Rulemaking, In the Matter of Petition to Authorize Co-Primary Sharing of the 450 MHz Air-Ground Radiotelephone Service with BETRS, RM-8159 (November 9, 1992).

new service such as PCS as well as a range of existing services that were established to meet a broad array of public needs.

In view of the above, NTCA recommends that auctions not be used for BETRS applications that are mutually exclusive with paging services that use the same spectrum as BETRS. BETRS is a substitute for wireline service. Service that is essential to maintenance of Universal Service and is integral to the public switched network should not be placed in jeopardy by having to compete with paging service.


V. CONCLUSION

NTCA urges the Commission to enact competitive bidding rules that fulfill Congress's concern that rural areas receive wireless mobile services made possible by new technologies in a timely manner and that the companies which have a history of delivering telecommunications services to rural areas in the United States be given the opportunity to provide those services in an efficient manner. Congress explicitly recognized these companies ability and willingness to provide service to the less lucrative rural markets and provided for bidding preferences to assure that the companies could provide spectrum-based services despite the additional costs that sale of the spectrum will impose on the services. NTCA urges the Commission to adopt rules that are

consistent with the Congressional intent and the public's  
interest in Universal Service and the ubiquitous deployment of  
wireless service wherever feasible and practicable.

Respectfully submitted,

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# 1992 Statistical Report, Rural Telephone Borrowers

